

# Redevelopment Means Rebuilding Communities

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*California Redevelopment Association*

# California Redevelopment Association

- ◆ Established 1979, state-wide, non-profit
- ◆ Purposes:
  - Legislative Advocacy
  - Professional training and development
  - Public information
- ◆ Governed by 18-member board of directors
- ◆ 344 member agencies
- ◆ 262 associate members
- ◆ One of at least 15 national state housing and redevelopment associations




# States, TIF and Redevelopment


- ◆ California is one of 48 (2003) states that authorizes municipalities to use tax increment to finance redevelopment
- ◆ California is one of 45 States (2003) with government redevelopment agencies



# California Redevelopment Law

- ◆ In 1945 the Legislature enacted the Community Redevelopment Act
  - ◆ The Community Redevelopment Law was chaptered in 1951
  - ◆ In 1952 redevelopment agencies were authorized to use tax increment financing
  - ◆ The Low and Moderate Income Housing fund was created in 1976
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(in addition...)

- ◆ California is one of the most active states involved in redevelopment and has some of the most restrictive requirements regulating and quantifying the definition of blight, the impact on affordable housing, project life-time, and specific reporting requirements
  - ◆ Today there are 413 community redevelopment agencies
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# All Communities Are Growing, Declining and Being Reborn

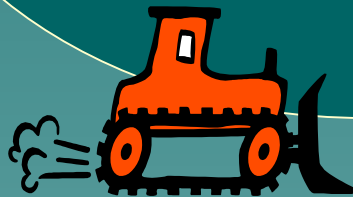
Building &  
Expansion



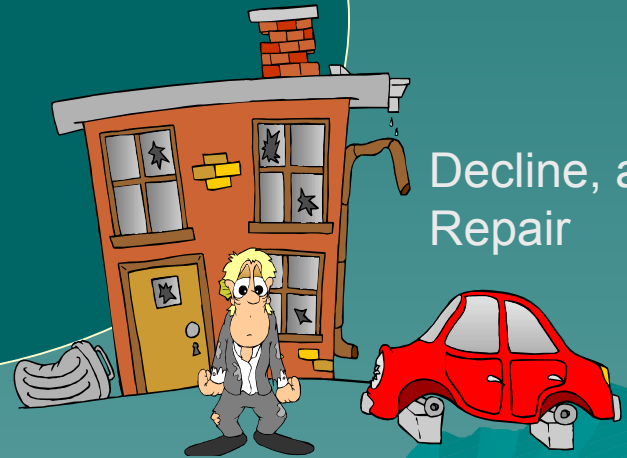
Contraction  
Maintenance



Rebuilding




Demolition



Decline, and  
Repair

# Redevelopment Is About Rebuilding Communities

- ◆ Focus on neighborhoods where reinvestment is not occurring
  - ◆ Homes, business, infrastructure are in decline taking years to rebuild
  - ◆ Both downtown and neighborhoods
  - ◆ Need for affordable housing everywhere
  - ◆ Goal: To move the neighborhood up, not out
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# Redevelopment is an Open Process

- ◆ Local elected officials approve planning areas, plans, and permit power of eminent domain
- ◆ Residents are involved at every step through public hearings and committees
- ◆ Litigation is possible at any time





# Funds: 1993-94 to 2001-02

- ◆ \$25.2 billion in total revenues  
Of this total \$17.5 billion is Tax Increment Revenue
- ◆ \$7.2 billion in other financial sources
- ◆ RDA Total for State: \$32.3 billion for redevelopment
- ◆ Private Investment Leveraged: \$194 to \$226 Billion



# Accomplishments: New Construction Built From 1992-93 to 2001-02

- ◆ 71.5 million sq. ft. of Commercial Buildings
- ◆ 95.0 million sq. ft. of Industrial Buildings
- ◆ 15.1 million sq. ft. of Public Buildings
- ◆ A total of 220.7 million sq. ft. (including “other buildings”)



Built 106 Empire State  
Buildings

# Accomplishments: Rehabilitation Projects From 1992-93 to 2001-02

- ◆ 37.1 million sq. ft. of Commercial Buildings
- ◆ 12.4 million sq. ft. of Industrial Buildings
- ◆ 2.1 million sq. ft. of Public Buildings
- ◆ A total of 62.1 million sq. ft. (including “other buildings”)




Rehabilitated 31  
Empire State Buildings

# Redevelopment Supports Economic Development


- ◆ Cities are the regional economic engines
- ◆ Economic engine is rebuilt by attracting investment to neighborhoods:
  - ◆ Infrastructure
  - ◆ Businesses
  - ◆ Affordable Housing
  - ◆ Quality of Life
- ◆ Jobs to build the structure that keeps or attracts new businesses that attract more jobs



# Impact of the Proposed ERAF Shift of \$135 Million on LOCAL Economic Development


- ◆ Loss of an estimated \$1.2 billion in bonds for project investments for 15-year bonds.
  - ◆ Loss of an estimated \$810 million to \$945 million in public and private investment as the cuts take hold, growing to an additional \$927 million to \$1.1 billion for 2006-07.
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# Impact of the Proposed ERAF Shift of \$135 Million on STATE Economic Development

- ◆ Annual state production of goods and services could fall by between \$1.4 billion and \$1.7 billion.
  - ◆ Construction industry output could decline by \$770 million to \$980 million
  - ◆ Total state income to residents could decline by \$680 million to \$870 million.
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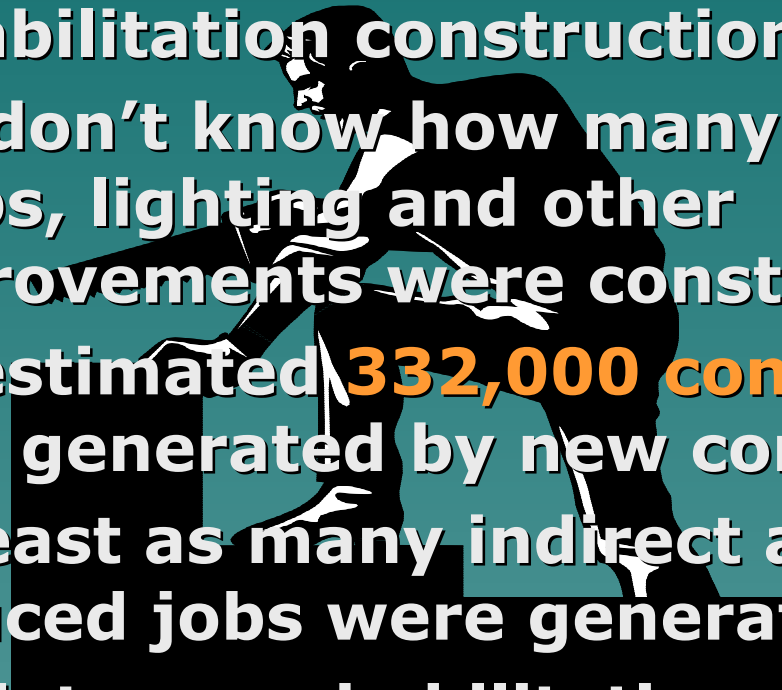
(in addition...)

- ◆ Employers and workers in construction could experience an annual income loss ranging from \$320 million to \$410 million.
  - ◆ State and local taxes could fall between \$56 and \$72 million due to losses in local construction and associated economic activity.
  - ◆ The redevelopment cut may only improve the state's budget deficit by between \$63 and \$75 million, not the full \$135 million that the Governor proposes.
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# Accomplishments:

## JOBS From 1992-93 to 2001-02

- ◆ **282,822,000 sq. ft.** of new and rehabilitation construction
- ◆ We don't know how many roads, curbs, lighting and other improvements were constructed
- ◆ An estimated **332,000 construction jobs** generated by new construction
- ◆ At least as many indirect and induced jobs were generated
- ◆ No data on rehabilitation



# Accomplishment: Affordable Housing 1993-94 to 2000-01 (estimated)


- ◆ Redevelopment agencies are the largest supplier of affordable housing in California.
- ◆ 35,414 new units constructed
  - 38,955** Jobs directly generated
  - 27,622** jobs indirectly generated
  - 30,810** jobs induced
- ◆ 30,335 units rehabilitated

(in addition...)


- ◆ 10,583 Affordability covenants
- ◆ 15,799 Households subsidized
- ◆ 33,535 Households otherwise assisted




# Impact of the Governor's Proposed ERAF Shift of \$135 Million on Jobs

- ◆ Employment in the state could decline by 12,000 to 16,000 jobs as the cuts take hold.
  - ◆ Of the total, just over 50%, or from 6,000 to 8,000 jobs, could be lost in the construction industry.
  - ◆ Jobs resulting from new businesses or business expansion, and remodeling due to agency-related commercial and industrial construction may not materialize.
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# Redevelopment Renews California's Communities and their Economies

- ◆ Redevelopment is focused on attracting private investment to rebuild communities
  - ◆ Redevelopment is an open process involving all stakeholders
  - ◆ Redevelopment has a strong record of accomplishments:
    - Attracted substantial private investment
    - Built Affordable housing
    - Renewed urban Infrastructure
    - Improved quality of life
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- ◆ Redevelopment projects are attracting and keeping businesses and jobs in downtowns and neighborhoods
  - ◆ Redevelopment has generated construction jobs and many additional direct and indirect jobs.
  - ◆ Redevelopment generated additional federal, state, and local taxes
  - ◆ Redevelopment pays for its current activities and invests in the future
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